

FY 2008 Budget Reduction Plans  
Legislative Appropriation Hearing  
Tuesday, January 8, 2008

**UPDATED**

	Approps Chairmen FY 2008	FY 2008 Executive BMP	Impact of Chairs Options and OSPB (if applicable)
<b>Biomedical Research Commission</b>			
Rollback FY 2008 Cord Blood Banks Increase	(1,000,000)	0	Forfeit \$1 million private match. Hundreds of Native Americans and Hispanics will find it more difficult to find matches for bone marrow transplants.
<b>Department of Commerce</b>			
Rollback FY 2008 International Trade Funding Increase	(700,000)	0	Current weak position of the US dollar is allowing foreign business investors to expand in the US. The proposed rollback will reduce Arizona's ability to compete. Existing business leads will be lost so will hundreds of potential jobs and investments. FDI results in jobs that pay 10 to 20% higher than average wages.
Rollback FY 2008 GADA Increase	(2,000,000)	0	The loss of \$2.0 million will deprive small rural communities from having access to capital at lower than market rates. Elimination of this funding will lead to increased construction costs for these communities. In turn these cost increases will have to imposed on "ratepayers" i.e. the citizens in these communities.
Rollback FY 2008 Arizona 21st Century Fund	(25,000,000)	0	FY 2008 allocation is essential to enable the State to maintain its capacity to leverage these monies with additional investments from private sources. A reduction in the FY 2008 appropriation will severely undermine Arizona's credibility in the biomedical research field.
Rollback CEDC Fund Shift	(750,000)	0	On-going legislative appropriations from the CEDC Fund to cover Commerce Department's administrative costs have severely limited the Commission's ability to meet its primary statutory mission to provide financial and technical assistance to small business.

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<b>Department of Commerce (continued)</b>			
Lump Sum Reduction	(1,247,500)	(500,000)	Excessive cut will paralyze financial and technical assistance to small communities. Agency will not be able to administer mandated tax credit programs, (motion picture, forest health, etc.) which businesses are counting on. Economic adverse impact on the State and possible legal challenge relating to tax credits.
<b>Arizona Community Colleges</b>			
Suspend Capital Outlay	(20,054,000)	0	Will force the ten Community College Districts to either raise local property taxes or tuition and fees to replace state funding. If no local source is available, Districts will have to defer facility maintenance and repair, possibly leading to building closures.
Eliminate Tribal College Funding	(1,944,000)	0	Will cut services for students, limiting course offerings and availability thereby reducing access to postsecondary education to Native American students.
Rollback FY 2008 Northland Public Safety Funding	(1,000,000)	(1,000,000)	Chairs' & Executive recommendations are similar.
<b>Department of Corrections</b>			
Reduce Unfilled Indiana Beds	(12,637,000)	(16,381,280)	Chairs and Executive Recommendation are similar. Executive also includes savings of \$1.6 million for Hinton Provisional Beds.
Rollback FY 2008 Van Pool and Equipment Funding	(1,900,000)	0	Will deprive DOC of purchases of essential equipment such as vans, communications and safety equipment.
Lump Sum Reduction	(2,981,900)	(3,035,636)	Chairs & Executive recommendations are similar.
<b>Arizona Criminal Justice Commission</b>			
Rollback FY 2008 Information System Increase	(900,000)	(900,000)	Chairs & Executive recommendations are similar.
Lump Sum Reduction	(99,400)	(100,000)	Chairs & Executive recommendations are similar.

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<b>Department of Environmental Quality</b>			
Set WQARF at \$10 Million	(5,000,000)	(1,000,000)	Critical clean up efforts will be delayed which will increase risk exposure to public health and the environment.
Rollback FY 2008 Surface Water Permitting Increase	(530,500)	0	Reduction will slow the issuance of permits to businesses, decrease the compliance rate for Arizona's development and homebuilding entities that discharging into Arizona streams. Businesses cannot open or expand if permits are not issued. This results in job losses, a reduction in revenue to the state and a lack of environmental compliance.
Lump Sum Reduction	(1,744,900)	0	Chairmen cut \$1.744 million from the ADEQ operating budget which will require cuts in hazardous waste inspections which protect neighborhoods, landfill inspections and regulation putting Arizona's groundwater at risk, and drinking water permitting and regulation which safeguard the drinking water for over 6 million Arizona citizens.
Water Infrastructure Finance Authority	0	(600,000)	The Department has made plans to absorb the Executive-recommended reduction with limited adverse effect in terms of the agency's mission.
<b>Government Information Technology Agency</b>			
Eliminate Arizona E-Health Initiative	(1,500,000)	(100,000)	Funding would no longer be available to rural health care providers to establish electronic health records and facilitate the exchange of medical records.

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<b>State Land Department</b>			
Rollback FY 2008 Trust Land Increases	(775,000)	0	This will reduce the revenues to education and other Trust beneficiaries that would otherwise be available. Efforts should encourage revenue generating activities.
Lump Sum Reduction	(2,355,500)	(750,000)	The Department has made plans to absorb the Executive-recommended reduction. The Chair's reduction will paralyze the agency's ability to maximize the value of the Trust, therefore the beneficiaries will lose both income and overall value of the Trust.
<b>Department of Public Safety</b>			
Shift Highway Patrol to HURF and SHF	(106,000,000)		This change should not affect impact agency operations.
Local Law Enforcement Reimbursement for DPS Lab	(640,000)		May result in local police agencies not submitting important evidence to the crime lab.
Lump Sum Reduction	(2,930,100)	(1,721,100)	In addition to the impacts described in the Executive Recommendation (delayed hiring and technology upgrades), DPS would reduce services across the board and the state could experience a higher crime rate.
<b>State Treasurer</b>			
Lump Sum Reduction		(169,000)	Reduce overhead and 1 FTE
<b>Arizona State Parks Board</b>			
General Fund Offset - Land Conservation Fund Interest	(5,500,000)	(150,000)	This is contrary to the Growing Smarter Act. Such a reduction will be considered as a clear deviation from what the voters intended these resources to be used for.

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<b>Arizona State Parks Board (continued)</b>			
Rollback FY 2008 General Fund SPEF Offset	(1,000,000)	0	The Parks Board will be unable to operate and maintain certain parks as the Enhancement Fund will not have adequate revenue. In addition to lack of maintenance of the park system, the Board may have to close certain parks should these severe cuts be imposed.
Lump Sum Reduction	(671,200)	(225,000)	Implementing this reduction will require the Parks Department to consider reducing maintenance and service activities at selected parks causing further deterioration of park infrastructure.
<b>Department of Revenue</b>			
Lump Sum Reduction	(7,694,200)	(850,000)	While the Executive reductions are targeted items, they do not include revenue generating functions. The Chairs option will eliminate funding for several key programs including those generating revenues. This is counterproductive. The State's services provided to individual taxpayers, including processing of refunds, will be severely damaged.
Vacancy Savings	0	(1,543,300)	The Department has made plans to achieve this reduction in FY 2008. This is a one-time reduction and cannot be continued in FY 2009.
<b>Office of Tourism</b>			
Require Proportional Local Contributions to the Tourism Fund	(4,403,300)	0	Severe loss of revenue to local governments caused by a reduction in tourism.
Reduce General Fund Transfer to Tourism Fund	0	(1,000,000)	The Department has made plans to meet this reduction and minimize any adverse impact.

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<b>Department of Veterans' Services</b>			
Remodel Nurses' Stations at Veterans' Home	0	(150,000)	Defer remodeling of space for residents to interact/socialize until FY 2009.
Computer Replacement at Veterans' Home	0	(80,000)	Defer replacement of outdated computers resulting in inefficiencies in billing and tracking patient records.
Vacancy Savings-Veteran's Benefit Counselor	0	(200,000)	Vacancy savings from positions that could not be filled during the year.
<b>Department of Water Resources</b>			
Rollback New Water Protection Fund Deposit	(1,000,000)	(1,000,000)	No major impacts are expected in FY 2008.
Shift Assured and Adequate Water Program Costs	(1,100,000)	0	Up to \$300,000 will be feasible. Otherwise the Department will not be able to issue permits and as a result business activities will be suspended. Loss of revenue to the state and local governments.
Lump Sum Reduction	(2,097,500)	0	The Department will not be able to absorb this reduction without severely damaging its core mission in term of water monitoring and drought management functions.